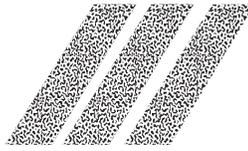


# Case Study 6

## Fishburn Institute



- ◆ School charges by entire program
- ◆ Aid does not cover institutional charges

### Objective

To illustrate the determination of the period of enrollment for which the student was charged, the calculation of institutional charges, and the treatment of the scheduled cash payment.



### School Information

Fishburn Institute:

- ◆ Nonterm, clock-hour programs of varying lengths
- ◆ A 900-clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- ◆ School charges tuition, and fees, for the entire program at the time of enrollment



### Refund Policy

#### Institutional Refund Policy

| If the number of clock hours student withdraws: | The school retains: |
|---|---------------------|
| Less than 10% .....                             | 10%                 |
| 10-19% .....                                    | 30%                 |
| 20-29% .....                                    | 50%                 |
| 30-39% .....                                    | 70%                 |
| 40-49% .....                                    | 90%                 |
| 50% or more .....                               | 100%                |

The school does not charge any administrative fee for students who withdraw.

#### State Refund Policy

No state refund policy exists.

## Case Study 6: Fishburn Institute (cont'd)

### Repayment Policy

Living expenses are prorated based on the number of weeks the student is enrolled.

### Student Information

- ◆ Fran is an independent student who completed a 900-clock-hour program at the school in May.
- ◆ Because Fran financed the cost for the first program by borrowing under the Direct Loan Program her loan for the second program is not subject to the delayed disbursement requirements.
- ◆ On July 7 she starts classes in a second 900-clock-hour program.
- ◆ After completing 369 clock hours, she officially withdraws from the school on September 24 (the twelfth week).

### Program Costs

Costs for the program:

|   |         |
|---|---------|
| Tuition .....   | \$3,500 |
| Fees .....  | \$50    |
| Books and supplies allowance .....                      | \$450   |
| School's allowance for off-campus living expenses ..... | \$5,200 |

### Aid Awarded

For the academic year:

|   |         |
|---|---------|
| Direct Subsidized Stafford Loan (total amount approved) ..... | \$2,625 |
| Direct Unsubsidized Stafford Loan .....                       | \$4,000 |
| Federal Pell Grant .....                                      | \$400   |

## Case Study 6: Fishburn Institute (cont'd)

### Aid Disbursed for the Payment Period

|   |         |
|---|---------|
| Direct Subsidized Stafford Loan .....   | \$1,260 |
| Direct Unsubsidized Stafford Loan ..... | \$1,920 |
| Federal Pell Grant .....                | \$225   |

Each loan is scheduled to be disbursed in two equal installments (i.e., half of the total amount approved minus the origination fee) at the beginning of each payment period.

### Task

- ◆ Calculate the amount of refund and repayment, if any.



## WITHDRAWAL RECORD

### 1. Student Information

|                              |                                   |                                    |
|------------------------------|-----------------------------------|------------------------------------|
| Name _____                   | Start Date _____                  | Withdrawal Date/LDA _____          |
| Social Security Number _____ | Length of Enrollment Period _____ | Date of WD/LDA Determination _____ |

### 2. Program Costs

|  |           |                          |  |           |                        |
|--|-----------|--------------------------|--|-----------|------------------------|
|  | non-inst. | Tuition/Fees _____       |  | non-inst. | Personal/Living _____  |
|  | inst.     | Administrative Fee _____ |  | inst.     | Dependent Care _____   |
|  |           | Room & Board _____       |  |           | Disability Costs _____ |
|  |           | Books & Supplies _____   |  |           | Miscellaneous _____    |
|  |           | Transportation _____     |  |           | Miscellaneous _____    |

**USE TOTALS FOR PERIOD CHARGED\***

TOTAL Inst. Costs:   **A**

TOTAL Noninst. Costs:   **B**

TOTAL Aid Paid To Inst. Costs:   **C**

TOTAL Paid To Inst. Costs:   **D**

TOTAL Aid Paid as Cash:   **E**

### 3. Payments/Disbursements

(Exclude work-study awards.)

| DATE | SOURCE | Paid to Inst. Costs | Cash to Student | DATE | SOURCE | Paid to Inst. Costs | Cash to Student |
|------|--------|---------------------|-----------------|------|--------|---------------------|-----------------|
|      |        |                     |                 |      |        |                     |                 |
|      |        |                     |                 |      |        |                     |                 |
|      |        |                     |                 |      |        |                     |                 |
|      |        |                     |                 |      |        |                     |                 |

**\*USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

### 4. Data for Pro Rata and Federal Refund

**IS THIS STUDENT A FIRST-TIME STUDENT?** A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

YES     NO

**DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT?** For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

YES     NO

**IF THE ANSWER TO BOTH QUESTIONS IS "YES,"** a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

**TO DETERMINE THE PORTION THAT REMAINS,** calculate as follows and round **DOWN** to the nearest 10%

\*For credit-hour programs:

**WEEKS REMAINING**  
 $\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS IN}} = \dots\dots\dots$

\*For clock-hour programs:\*

**HOURS REMAINING**  
 $\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS IN}} = \dots\dots\dots$

\*For correspondence programs:

**LESSONS NOT SUBMITTED**  
 $\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \dots\dots\dots$

\*DO NOT use scheduled hours. Also, excused absences can count as "hours completed."

**TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:**

- Administrative Fee (up to \$100 or 5%, whichever is less) ..... + .....
- Documented Cost of Unreturnable Equipment ..... + .....
- Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ..... + .....

**TOTAL EXCLUDABLE INST. COSTS (for Pro Rata and Federal Refund calculations only):**   **A**

Pro Rata/Federal Refund Institutional Costs:

  **A** —   **A** =   **A**

Total Institutional Costs      Total Excludable Inst. Costs



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## FEDERAL REFUND CALCULATION WORKSHEET

### STEP ONE\*

#### Unpaid Charges

\*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

|  |  |
|--|--|
|  | Total Institutional Costs<br>(from Withdrawal Record) <b>(A)</b>           |
|  | Total Aid Paid to Inst. Costs*<br>(also from Withdrawal Record) <b>(C)</b> |
|  | <b>Scheduled Cash Payment (SCP)</b><br>(attribution not allowable)         |
|  | Student's Cash Paid<br>(from Withdrawal Record)                            |
|  | <b>UNPAID CHARGES</b>  |

### STEP TWO

#### Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

|  |  |
|--|--|
|  | Federal Refund Calculation Inst.<br>Costs (from Withdrawal Record) <b>(A1)</b> |
|  | % to be Refunded<br>(from the regulatory policy)                               |
|  | <b>REFUND AMOUNT<br/>TO BE DISTRIBUTED</b>                                     |

**\*NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

### REFUND DISTRIBUTION—Prescribed by Law and Regulation

#### TOTAL REFUND

- |  |   |
|--|---|
| 1. Federal SLS Loan                          | 8. Federal Perkins Loan                                 |
| 2. Unsubsidized Federal Stafford Loan        | 9. Federal Pell Grant                                   |
| 3. Subsidized Federal Stafford Loan          | 10. FSEOG   |
| 4. Federal PLUS Loan                         | 11. Other Title IV Aid Programs                         |
| 5. Unsubsidized Federal Direct Stafford Loan | 12. Other Federal, state, private, or institutional aid |
| 6. Subsidized Federal Direct Stafford Loan   | 13. The student   |
| 7. Federal Direct PLUS Loan                  |   |



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## REFUND CALCULATION WORKSHEET

### STEP ONE

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|   |  |          |
|---|--|----------|
| — | Total Institutional Costs<br>(from Withdrawal Record)              | <b>A</b> |
| = | Total Aid Paid to Inst. Costs*<br>(also from Withdrawal Record)    | <b>C</b> |
| = | <b>Scheduled Cash Payment (SCP)</b><br>(attribution not allowable) |          |
| = | Student's Cash Paid<br>(from Withdrawal Record)                    |          |
| = | <b>UNPAID CHARGES</b>  |          |

### STEP TWO

#### Amount Retained

\*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

|   |   |          |
|---|---|----------|
| — | Total Institutional Costs<br>(from Withdrawal Record)   | <b>A</b> |
| X | % Allowed to Retain*<br>(from refund policy being used) |          |
| = | <b>Initial Amount Retained<br/>By The School</b>        |          |
| = | UNPAID CHARGES<br>(from Step One)                       |          |
| = | <b>AMOUNT RETAINED</b>                                  |          |

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

### STEP THREE

#### Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

|   |   |          |
|---|---|----------|
| — | Total Paid to Institutional Costs<br>(from Withdrawal Record) | <b>D</b> |
| = | Amount Retained<br>(from Step Two)                            |          |
| = | <b>REFUND AMOUNT<br/>TO BE DISTRIBUTED</b>                    |          |

### REFUND DISTRIBUTION—Prescribed by Law and Regulation

#### TOTAL REFUND

- |  |   |
|--|---|
| 1. Federal SLS Loan                          | 8. Federal Perkins Loan                                 |
| 2. Unsubsidized Federal Stafford Loan        | 9. Federal Pell Grant                                   |
| 3. Subsidized Federal Stafford Loan          | 10. FSEOG   |
| 4. Federal PLUS Loan                         | 11. Other Title IV Aid Programs                         |
| 5. Unsubsidized Federal Direct Stafford Loan | 12. Other Federal, state, private, or institutional aid |
| 6. Subsidized Federal Direct Stafford Loan   | 13. The student   |
| 7. Federal Direct PLUS Loan                  |   |



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